



PENSIONS DIGEST

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WORKERS & PENSIONS



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Workers must play active role in Pensions Management

Pension schemes are designed to provide retirement benefits to workers or contributors who have retired from active service, beneficiaries of a deceased contributor or members who have become invalid. Workers are required by law to contribute to the mandatory pension schemes managed by trustees to pay these benefits. To many, these benefits are a very important factor in their life, providing them with income for their upkeep in retirement.

However, many Ghanaian workers, though they recognize the importance of pensions, do not pay attention to the management of their pension contributions. They know little if nothing at all about how the funds are managed. Many become alarmed

and apprehensive when they are about to retire, when they are shown how much they should expect as their pension. If they had paid more attention and more involved, they would not have been greeted with surprises and accompanying tension.

The introduction of the National Pensions Act, Act 766, has reformed the way pension is managed. Under the 3-Tier Pension Scheme, workers have been given the opportunity to play an active role in the management of pensions.

Under the 2nd and 3rd tier schemes, the Act provides that one-third of the membership of the Board of Trustees managing the scheme should come from the workers. Meaning that if

there are six members of the board of trustees managing any of the schemes, at least two must be representatives of the workers. They could even be more if the workers are able to negotiate well since the least is one-third.

Aside, the representation at the top level, the nature of the management of the second-tier occupational pension scheme and third-tier voluntary provident fund scheme is such that these schemes can be managed within the company as an employer-sponsored scheme or a master trust scheme. Any of these options bring the management of the scheme closer to the workers, making them feel a sense of ownership of the scheme.

However, the fact that the management of pension schemes is now closer to us and having a sense of ownership does not mean that we should stand aloof and not be bothered about what we can do as individual contributors to ensure that we receive our benefits without any difficulty.

As individual workers, we should regularly check if the contributions are being deducted and paid to the trustee. We should also periodically request for contribution statements to ensure that the contributions are up to date and that there are no gaps that will affect the quantum of benefits in the future. Workers should also ensure that all records kept by the trustees are accurate to avoid unnecessary delays in processing their benefits.

Workers can also monitor the activities of the trustees and inform the Authority if they notice any mismanagement of the scheme.

Let's get active in the management of our pensions to put the trustees on their toes to ensure that the scheme is well managed in the interest of workers to pay our benefits when due.

CEO of NPRA receives an award



Mr Akin Naphtal (left), CEO, InstinctWave, presenting the award for 2020 Pensions Personality to Mr Hayford Atta Krufi, CEO, NPRA, at the awards night in Accra

The Chief Executive Officer of the National Pensions Regulatory Authority (NPRA) Mr. Hayford Atta Krufi has received the 2020 Pension Personality Award at the instinct Business 6th Finance Innovation Awards in Accra organized by Instinct Wave.

The award was in recognition of his outstanding service, innovation and tireless efforts in the pension industry. He was recognized for among other things significant successes in the transfer of an outstanding GH¢3.1 billion in Tier 2 pension funds to the custodial accounts of various of the public sector schemes, a major move that brought closure to a six-year tussle between the government and the unions over management of the pension funds in the second-tier mandatory schemes.

He was also recognized for the opening of the NPRA Zonal offices in Sunyani and Takoradi to help bring the Authority and pensions close to the people in the bid of ensuring retirement income security for all Ghanaians. He also successfully facilitated the launching of a pension scheme for cocoa farmers in Ghana to bring onboard over 800,000 cocoa farmers onto the 3-Tier Pension Scheme, ensured the weaning-off of the authority from Government subvention, the establishment of Pensions College and Trustees Training and the acquisition of land for the Head Office Complex and Pensions College among other.

The Chief Executive Officer of Instinct Business Finance Innovation Awards (IBFIA), Mr. Akin Naphtal acknowledged the rich

experience, diversity, and experience of Mr. Attah Krufi on the global stage, exemplary leadership, significant and positive impact on advancing the NPRA and the wider pension industry towards high-level corporate governance and immense contribution to the growth of the Pensions & finance sector in Africa.

The National Pension Regulatory Authority has also received the Excellence in Pension Regulatory Award for the effective regulation and administration of pensions in the country. Other individuals and organizations were also honoured for their enormous contribution towards the development of the nation's financial sector including MTN, Absa Bank, Ghana Exim Bank as well as.

NPRA meets COCOBOD on sensitization campaign for cocoa farmers



Pursuant to Section 26 of the Ghana Cocoa Board (COCOBOD) Law 1984, (PNDC L.81) which mandates COCOBOD to establish a contributory insurance scheme for cocoa farmers and following the lunch of the Cocoa Farmers Pension Scheme the President of Ghana, in Kumasi, the National Pensions Regulatory Authority, NPRA has held meetings with the Ghana Cocoa Board (COCOBOD) to map up strategies in getting all cocoa farmers on board the Cocoa farmers pension scheme.

The meeting was held to begin collaboration between NPRA and COCOBOD to jointly sensitize cocoa farmers on the need to plan towards their pension. The sensitization is the first to be rolled out for cocoa farmers from the Western South cocoa region.

The 15 districts to kickstart include Bia, Tarkwa, Bibiani, Asankragua, Huni Valley,

among others. In all, approximately, 140,000 cocoa Farmers are set to be sensitized and rolled onto a pensions scheme.

The COCOBOD is the sole sponsor of the mapping up process in this enrolment. The sensitization and the enrollment It is going to be replicated across all the cocoa farming areas in the country.

The Cocoa Farmers' Pension Scheme, which is expected to benefit an estimated 1.5 million cocoa farmers across the country in December 2020.

The scheme is open to all cocoa farmers and will enable them to make voluntary contributions toward their retirement while COCOBOD makes a supplementary contribution on their behalf. The scheme is not just in fulfilment of the law but also the government's plans to improve the living standards of cocoa farmers that efforts were commenced at the start

of his administration for this to be realized.

His Excellency the President at the lunch noted that the scheme will guarantee a decent retirement income for cocoa farmers for life and ensures they can maintain decent livelihoods after retirement and therefore entreated all farmers to register to enjoy full benefits of the scheme.

To ensure the scheme's successful roll-out, COCOBOD has since the lunch of the scheme has begun the collection of data on farmers for the Cocoa Management System (CMS) in earnest. The CMS will hold a robust database of all cocoa farmers in the country and track their contributions. It will also facilitate the prompt payment of claims to beneficiary farmers. Cocoa farmers are therefore encouraged to register under the CMS to be part of the scheme.

NPRA commissions canteen for accra psychiatric hospital



As part of its social and corporate responsibilities, the National Pensions Regulatory Authority (NPRA) has commissioned a canteen facility for the staff and patients of the Accra Psychiatric Hospital at Ridge in Accra as part of NPRA's 10th Anniversary which was held last year.

Commissioning the canteen, the Honorable Minister for Employment and Labour Relations, Ignatius Baffour Awuah commended the leadership of NPRA for their kind gesture and tasked the Authorities at the Accra Psychiatric Hospital to take good care of the canteen.

Speaking at the

commissioning of the facility, the Chief Executive Officer (CEO), Hayford Attah Krufi, recounted that "On the 15th of October, last year, Mr. Paul S. M. Koranteng, the then Board Chairman, and Board Members of the NPRA cut the sod for the start of construction of this facility for staff and patients of this hospital. Today, I deem it a great privilege and honour to be here again to participate in the commissioning of this facility for the Accra Psychiatric Hospital, which we as an Authority are proud to have sponsored."

According to him, he believes his outfit's little contribution to the Accra Psychiatric Hospital will help lessen some of their plights. He was particularly

happy for leading the Management of NPRA to help solve this 117-year-old problem of this hospital.

The Executive Officer of the Mental Health Authority, Professor Kwasi Osei was full of praise for the leadership of NPRA for thinking about the hospital. He added that he is confident staff and visitors will make good use of the canteen.

The Accra Psychiatric hospital was established in 1904 and had not had a canteen since its establishment. With the construction of the canteen, over 700 staff and 100 visitors who had to go outside the walls of the hospital to find food for themselves will be a thing of the past.

Ecobank Ghana And Enterprise Trustees Sign Partnership Deal To Deliver Pension-Backed Mortgage



One of the unique features of the 3-Tier Pension Scheme is the provision to allow workers to use their accrued benefits in the private schemes as collateral security to acquire their primary home. The law has allowed the trustees to include in their scheme rules provision to enable their members to benefit from this provision.

In line with this, Enterprise Trustees and Ecobank Ghana have signed a partnership agreement to introduce pension-backed mortgage loans which will help pension contributors acquire affordable homes.

Under the agreement, Enterprise Trustees will make available to workers whose pension funds are with Enterprise, a package that enables them to attract mortgages from Ecobank

with zero down payments. This means that the workers will not make any lumpsum initial payments which are normally required in a mortgage transaction.

The arrangement is such that the bank will disburse the mortgage loan to the beneficiaries who will pay monthly instalments over a 15-year period.

The initiative comes as a relief to workers as they are now assured of securing decent custom-built homes which will be fully paid for ahead of their retirement.

This is part of the efforts of unlocking the various opportunities that existed in the new 3-Tier model to the benefit of retirees.

The Managing Director of Ecobank, Mr Dan Sackey, said

the innovative partnership was a novelty for the Ghanaian financial services market and should be embraced by workers.

Usually, he said a regular mortgage would require the borrower to make available at least a 20 per cent down payment. However, this new initiative offered a product that would not require the borrower to make any deposit.

Mr Sackey said all that the borrower needed to do was to identify the house and Ecobank would provide the funding.

Formal and informal sectors are encouraged to fully subscribe to the provident and personal pension schemes to realize a more positive retirement outcome.

NPRA retrieves GH¢6m from defaulting employers & targets 40% pensions coverage by 2026



The National Pensions Regulatory Authority (NPRA) has retrieved GH¢6.2million from employers who have defaulted in payment of their workers' pension contributions.

In a press briefing, the NPRA's Chief Executive Officer, Hayford Atta-Kruffi who disclosed this during a media briefing in Accra, said the amount was recovered represent 70 percent of 60 defaulting companies between July 2020 and June 2021.

He also said about 15 other defaulting companies are being processed for prosecution, for failing to comply with a directive by the authority to either pay their workers' contri-

butions in full or submit a plan of payment

The Authority is also aiming at increasing pension coverage by 40%. Available data shows that with over 11 million active workforces in the country, over 9 million of them are found in the informal sector where pensions coverage is only 3 percent.

To change this narrative, the Chief Executive Officer indicated that the Authority has completed the development of a five year – 2022 to 2026 – strategic plan to increase pensions coverage to 40 percent. The plan builds on the current one (2017 – 2021) and is expected to reduce old-age poverty and in-

crease the overall contribution of the sector to the national economy.

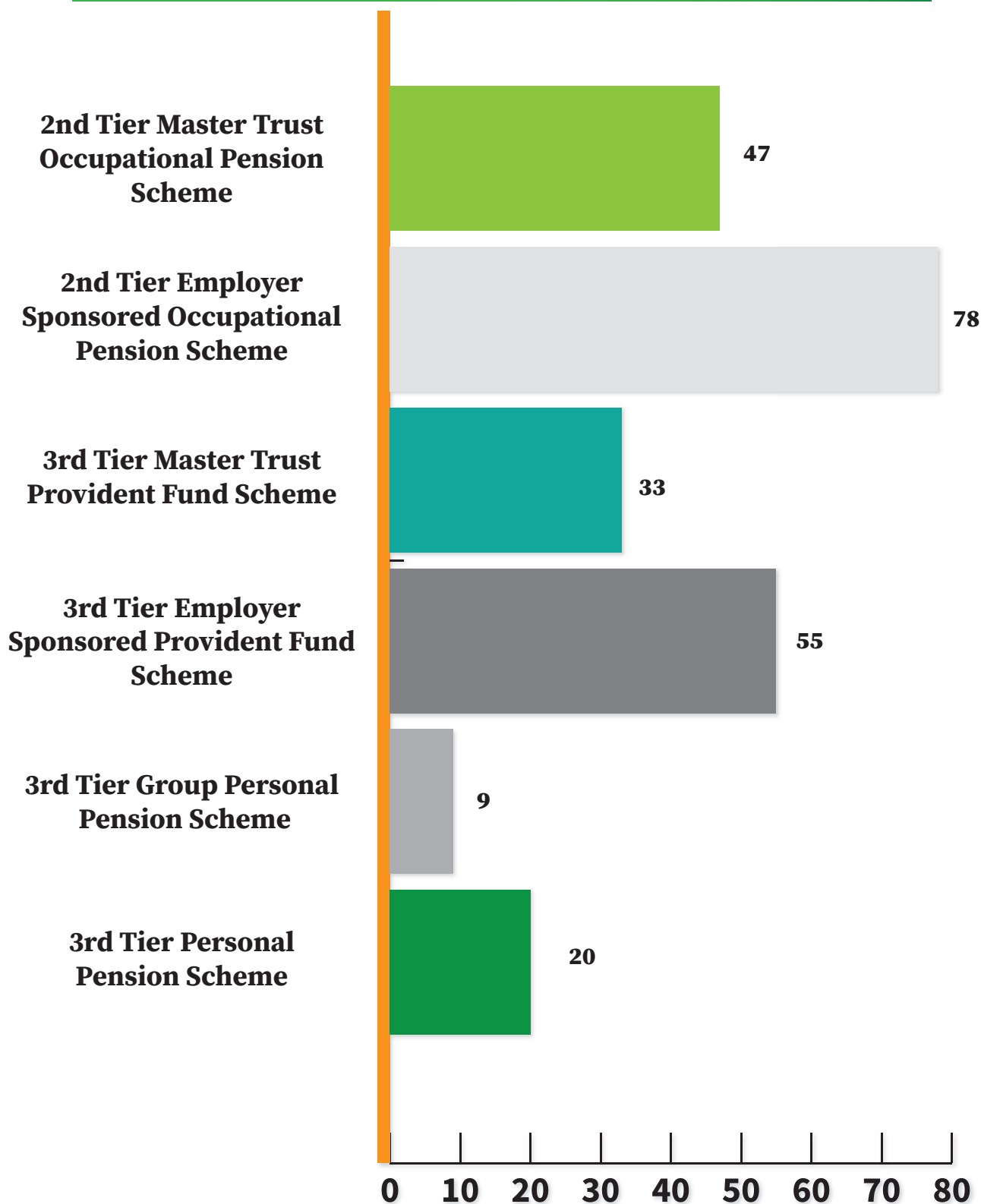
Under the plan, the Authority expects to grow the pensions assets under management to about GH¢50billion from the current GH¢33billion.

Part of the strategy will also see the introduction of a micro-pension policy aimed at growing coverage in the informal sector; closer collaboration with unions and associations as the route to capture more contributors, market activations; and collaboration with telcos to make pensions payment convenient.

Information on private pension schemes

Ghana operates a contributory 3-Tier (3-Pillar) Pension Scheme. The private pension schemes (defined contribution plans) consist of a mandatory 2nd Tier Occupational Pension Scheme and a Voluntary 3rd Tier Provident Fund and Personal Pension Schemes. This section provides market information on the status of private pension schemes in Ghana.

Registered private pension schemes



Trend Analysis of registered Private Pension Schemes (2016-2020 Q2)

Tier	Type Of Pension Scheme					
	Type Of Scheme	2016	2017	2018	2019	2020 Q2
2nd Tier	MTOPS	45	50	50	47	47
2nd Tier	ESOPS	81	87	86	80	78
	Sub-total	126	137	136	127	125
3rd Tier	MTPFS	32	36	35	33	33
3rd Tier	ESPFS	56	57	55	52	55
3rd Tier	GPPFS	91	08		89	
3rd Tier	PPS	12	21	22	21	20
	Sub-total	109	124	120	114	115
	Grand Total	235	261	256	241	240

Source: L&R Q1 Report

NB: the reason for the decline is that various schemes are merging into Master Trust schemes.

MTOPS: Master Trust Occupational Pension Scheme
 ESOPS: Employer Sponsored Occupational Pension Scheme
 MTPFS: Master Trust Provident Fund Scheme
 ESPFS: Employer Sponsored Provident Fund Scheme
 GPPS: Group Personal Pension Scheme
 PPS: Personal Pension Scheme

NPRA engages MELR on 2022 to 2026 strategic plan



The National Pensions Regulatory Authority has met with the Ministry of Employment and Labour Relations (MELR) on the development of its 5-year strategic plan from 2022 to 2026.

As the ministry overseeing the activities and providing policy direction for the Authority, it is important that they make inputs into the development of the plan and to ensure that it is in line with the policy direction of the Ministry and the government.

As an institution with the mandate to ensure the development of pension in the country, the plan is to

ensure the continuation of the tremendous progress and achievements made with the current strategic plan.

The new plan will be guided by a broad theme; “A Visible NPRA, Increasing Coverage and Growing Pension Assets for National Development”.

The plan is focused on five key thematic areas;

- i. Sustaining the credibility of the Authority
- ii. Ensuring Market Discipline
- iii. Ensure Market Transparency
- iv. Increasing pension coverage
- v. Ensuring the sustainability of the Basic Social Security

Scheme.

These key results areas are expected to help the Authority to achieve the overall goal of the new 5-year strategic plan of “40% Pension coverage and a GHS50 billion Assets under Management of Private Pensions and to ensure the sustainability of the BNSSS by the end of 2026 for National Development.

PUBLIC SECTOR TIER 2 SCHEMES

Public sector schemes are Tier 2 Mandatory occupational pension schemes which have been registered for all Government of Ghana workers (Public Servants) who draw their salaries from the Controller and Accountant General's Department.

Five (5) 2nd Tier/Tier 2 Mandatory occupational pension schemes have been registered for these workers namely;

- Hedge Pension Occupational Pension Scheme
 - Health Sector Occupational Pension Scheme
 - Judicial Service Staff Occupational Pension scheme
 - Ghana Educational Service Occupational Pension Scheme
 - PSW Employees Occupational Pension Scheme
- Membership**
- Members of Civil and Local Government Staff

Association of Ghana (CLOGSAG) are under Hedge Pension Occupational Pension Scheme with Hedge Pensions Trust as Scheme Administrator

•Members / Staff of Ghana Health Service are under Health Sector Occupational Pension Scheme with Enterprise Trustees Company Limited as Scheme Administrator

•Members / Staff of Judicial Service are under Judicial Service Staff Occupational Pension Scheme with United Pension Trustees Limited as Scheme Administrator

•Members / Staff of Ghana Education Service are under Ghana Education Service Occupational Pension Scheme with Glico Trustees Limited as Scheme Administrator

•Other Public Service Staff who are not members of any of the groups mentioned above but draw their salary from Controller and Accountant General are under PSW Employees Occupational Pension Scheme with General Trust Company Limited as Scheme Administrator

Below is a tabular representation of the various public sector schemes;

No.	Name Of Sector	Name Of Scheme	Scheme Administrator	Contact Person	Contact
1	Civil and Local Government Staff Association of Ghana (CLOGSAG)	Hedge Pension Occupational Pension Scheme	Hedge Pension Trust Company Limited	Christabel Yalley	0202019457
2	Ghana Health Service	Health Sector Occupational Pension Scheme	Enterprise Trustees Company Limited	Dr. Derek Amoateng	0243148659
3	Judicial Service	Judicial Service Staff Occupational Pension scheme	United Pension Trustees Limited	Bossman Agyako	0244314480
4	Ghana Education Service	Ghana Educational Service Occupational Pension Scheme	Glico Pension Trust Limited	Nathaniel Nii Kwei Kuma Otoo	0202012425
5	Public Service	PSW Employees Occupational Pension Scheme	General Trust Company Limited	Cynthia Arthur	0506445203

COVID-19 : Do's And Don'ts At The Workplace

Do's



Wear A Nose Mask



Wash Your Hands With Soap And Water Frequently.



Cough And Sneeze Into Your Elbow.



Keep A Minimum 1.5 Meters Distance From Colleagues.



Use Tissues once and Dispose in Closed Bins.



Do not touch Mouth, Eyes, Nose.



Do Not Shake Hands & No Hugs.



Stay Home, If ill



Do Not Use Crowded Lifts



Avoid Touching Office Surfaces

Dont's

SSNIT integrate social security numbers with National Identification card



The integration of member account numbers of the Social Security and National Insurance Trust (SSNIT) to the national platform, the Ghana Card, by the National Identification Authority (NIA) is set to take off from June 2021, Dr. John Ofori-Tenkorang SSNIT's Director-General, has revealed.

According to the Director-General of SSNIT, about 1.6 million active SSNIT members will by the close of 2021 be fully integrated with the NIA platform as such members will require Ghana card to transact business with SSNIT.

He said, "For us at SSNIT, this transition ties in nicely with our quest to improve the ease of doing business with the Trust. Your convenience means everything to us, and the switch

to using the Ghana Card will mean you only have to carry that ONE card for practically all your transactions."

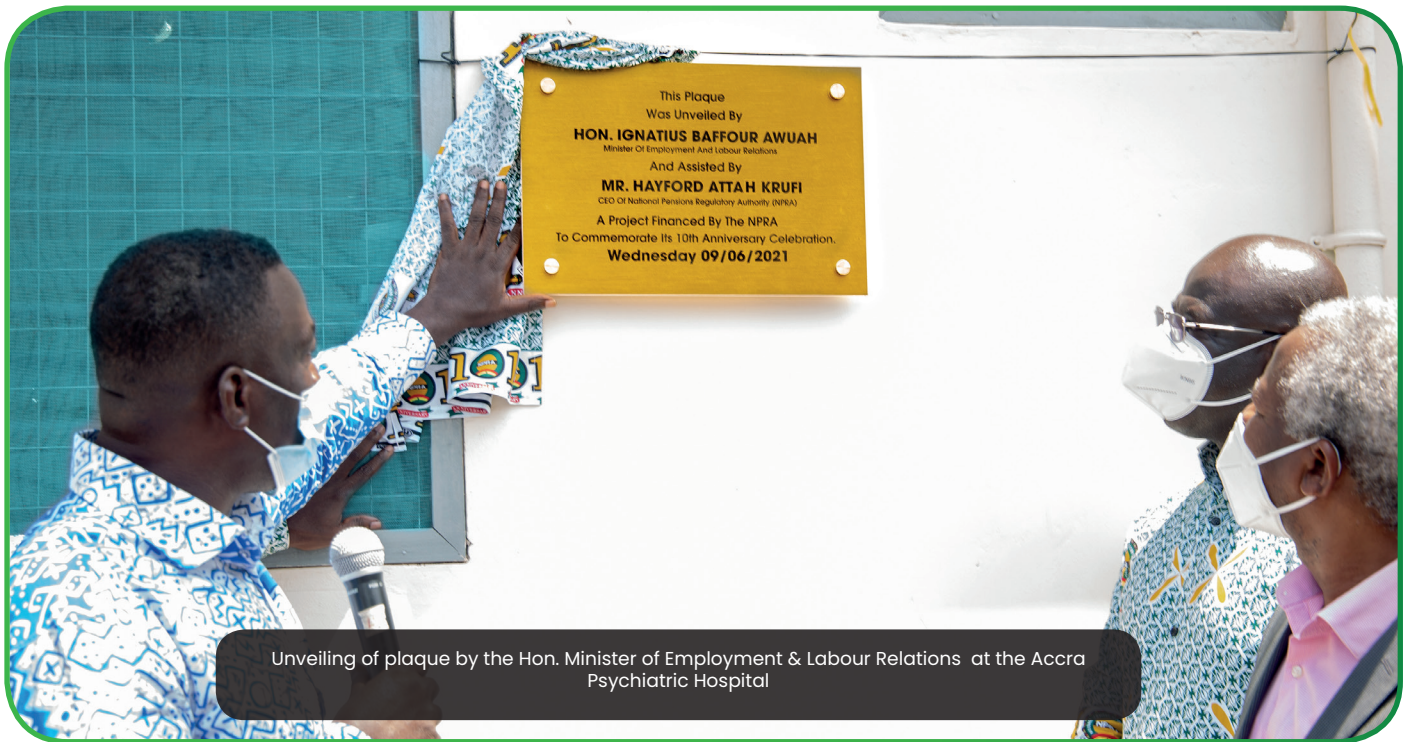
He added that "Not only will adoption of the Ghana card provides great benefits to both members/clients and SSNIT, but it will also make us fully compliant with the National Identity Register Regulations, 2012, L.I. 2111 which requires the use of the Ghana Card as a means of identification for transactions pertaining to individuals in respect of pensions and the subsequent directives, we receive from the NPRA, our regulator".

By this arrangement, new SSNIT members must provide their Ghana Card numbers to enrol onto the SSNIT Scheme, whereas employers and the self-employed can only pay

contributions using the NIA numbers.

SSNIT members will also be required to provide their Ghana Card numbers to access their statements of account, while pensioners aged 72 years and above will be required to renew their Pensioners' Certificates using the Ghana Card.

He indicated that by end of this year the trust would have merged all the numbers of our existing members and migrated them onto the NIA platform; and that will enable the trust to ensure the Ghana Card becomes the only accepted means of identification required for members to transact business with SSNIT, starting January 2022," Dr. Ofori-Tenkorang said.



Unveiling of plaque by the Hon. Minister of Employment & Labour Relations at the Accra Psychiatric Hospital



Hon. Ignatius Baffour Awuah giving a speech at the Commissioning of Accra Psychiatric's New Canteen



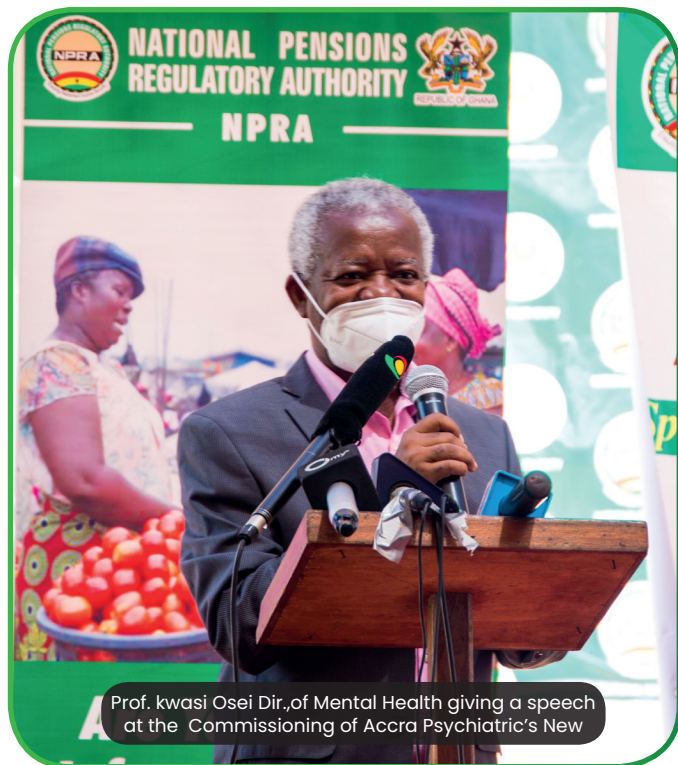
CEO of NPRA giving a speech at the Commissioning of Accra Psychiatric's New Canteen



Section of participants at the Commissioning of Accra Psychiatric's New Canteen



Mr. Julius Kuu Salifu, administrator of APH giving a speech at the Commissioning of Accra Psychiatric's



Prof. Kwasi Osei Dir., of Mental Health giving a speech at the Commissioning of Accra Psychiatric's New



Front View And Interior of Accra Psychiatric's New Canteen



Cultural Display From Africana Dance Ensemble at the Commissioning of Accra Psychiatric's New Canteen

GSE boss asks pension funds to boost equity holdings

The Managing Director of the Ghana Stock Exchange has asked institutional investors of pension funds to increase the investment in equities on the exchange for good returns. Addressing industry players during a workshop under the theme “maximising investment returns using the Ghana Stock Exchange”, Mr. Afedzi said indicated that pension fund investments in fixed-income securities continue to increase, but the same cannot be said of equities. Since pension funds are long-term in nature, Opportunities exist for players in this space to invest in equities as well.

He added that “growth in equity investments is critical in making patient capital available for businesses to expand and grow to support the national economy.

Mr. Hayford Attah Krufi, the Chief Executive Officer of the National Pensions Regulatory Authority (NPRA), in his remarks said the industry needs to have a vibrant equities market with rewarding returns for pension schemes to channel more investments in making a real impact on the economy. He acknowledged the importance of the exchange and indicated that a close collaboration between



all capital markets players is critical to ensure retirement income security and social protection for all Ghanaians.

The Director-General of the Securities and Exchange Commission (SEC), Rev. Daniel Ogbarmey Tetteh also underscored the need for pension funds to invest in long-term securities, including equities. He said the stock market offers interesting investment opportunities for asset owners who have time on their side, such as pension funds to increase the worth of their investment.

He added that the implementation of some initiatives in the recently

launched Capital Market Master Plan will aid in improving liquidity and listings on the GSE.

According to Mr. Afedzie, the Managing Director of the GSE, some of the key initiatives in the GSE's three-year strategic plan, including the introduction of new products such as green bonds and derivatives, the listing of more companies, and the undertaking of investment literacy programmes for key players and the general public, are aimed at moving the exchange from a frontier to an emerging market, thus making it the preferred platform for investment and long-term capital mobilisation

Sunyani municipal assembly staff urged to show interest in their retirement planning



The National Pensions Regulatory Authority (NPRA) has advised staff of Sunyani Municipal Assembly to show interest in retirement planning to ensure they are adequately prepared for retirement. This was during a sensitization programme organized by the Zonal Office of the Authority in collaboration with the leadership of the Sunyani Municipal Assembly which on 24th June 2021 at the Sunyani Municipal Assembly Hall

Speaking at the forum, the Corporate Affairs Officer of NPRA, Mr. Samuel Baffour Awuah stressed the need for every staff to show interest in retirement planning in order to enjoy decent retirement

benefits in future. He added that to enhance retirement income, Act 766 introduced additional layers of pension schemes that individuals could take advantage of to boost their retirement income such as the Personal Pension Scheme and Provident Fund aside from the 1st and 2nd Tier mandatory schemes.

He further admonished the staff to take advantage of the tax exemption to set up a provident fund scheme in order to enjoy a decent retirement.

Mr. Enoch Okomfo Okonah, staff of NPRA also advise participants to pay attention to the information on their payslip especially their SSNIT number and the contributions deducted from the basic salary.

He further advised workers to periodically request their statement from SSNIT and their trustee.

The Deputy Director, Madam Sandra Obeng Adjinah who represented the Bono Regional Minister, and the Municipal Chief Executive advised staff present to encourage their loved ones in the informal sector to participate in the Personal Pension Scheme in order to reduce old-age poverty.

She encouraged the Authority to intensify its education campaign on the 3-Tier Pension Scheme.

In all fifty-eight (58) staff of the Assembly were sensitized on the 3-Tier Pension Scheme.



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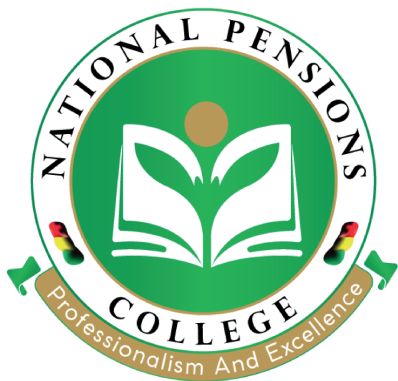


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Module 1: Background To Pensions

Module 2: Designing Pension Schemes

Module 3: Operating Pension Schemes

Module 4: Trusteeship

Module 5: Legal & Regulatory Framework

Module 6: Investment Fundamentals & Considerations

Module 7: Financial Reporting

Module 8: Current Issues



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Annuity – What you need to know to secure your future

Ghana's pension environment went through reforms from 2004 to 2006. The reform was in line with World Bank's call for countries to reform their pension systems to help curb poverty.

The outcome of the reforms, the 3-tier scheme, was implemented in January 2010. The essence of the pension reform was to improve pension provision within the country. An indirect outcome is the emergence of private annuity in Ghana, which has been explained in the latter part of the article. An annuity in Ghana is a great step towards achieving guaranteed income.

The major outcome of the reform was the introduction of the National Pensions Law ACT 766. The reform was also to give Ghanaians more options to prepare for their retirements.

The reforms among other things introduced the private arm of pensions which hitherto, did not exist. It opened the pensions environment for informal sector workers to engage with formal pension arrangements, which also did not exist for over 70% of the Ghanaian workforce.

IMPROVED LUMP SUM

Another objective of the reforms was to improve the lump sum retirement benefits for Ghanaian workers. These led to the introduction of another tier, the 3rd tier,

which is an additional tier for lump-sum accumulation. This is a voluntary scheme that has a higher rate of accumulation than the already existing lump sum option which sat with SSNIT and was later hived off as the 2nd tier private mandatory scheme.

With these developments, retirees and their beneficiaries were expected to end up with higher lump sums.

THE PENSIONS ACT

The improvement of the lump sum is however not the end. It is required that the lump sums are invested in vehicles that will provide long-term finance in the form of regular payments. This is where annuities come in. The Ghana Pensions Act, Act 766, Section 111, stipulates that 'a contributor not covered under a mandatory pension or any other pension scheme is entitled to use a percentage of accrued benefits prescribed by the Board of the Authority to purchase an annuity for life payable monthly or quarterly from an insurance company licensed by the National Insurance Commission'. This gives room for annuity in Ghana.

Obviously, this goes largely for the informal sector, but this applies to all who would earn a lump sum. The regulations (LI 1990, 126) has prescribed seventy-five per cent of the accrued lump sum to be used to buy annuity.

ANNUITY - HOW IT WORKS

An annuity product works a bit like a milling machine. A milling machine basically grinds large chunks of a substance into smaller usable units. The pension lump sums that you earn from the 2nd and 3rd tier pension schemes should be invested to break it down into bits. These bits should be able to take care of you till the time of death. So, you collect your retirement lump sum benefits and then invest in an annuity product that 'mills' it down into regular periodic payments.

The one who buys an annuity with his lump sum and receives the regular payment is called an annuitant. Annuity in Ghana would work the same.

The regular periodic payments you receive, compared to your lump-sum investment depends on the agreed terms of the annuity and the features you selected.

So, we can have two persons who both invested GH¢ 100,000 into an annuity product and yet they would receive different periodic amounts as payments.

It all depends on your perceived mortality and the product features chosen for the annuity.

Continued on Page 21

Annuity – What you need to know to secure your future

(Continued from page 20)

Mortality is simply the indicative remaining lifespan of an individual.

The annuity rate could also be fixed or variable which means, your payments could vary depending on the underlying or indexed reference rate, which in Ghana's case could be a treasury bill rate, policy rate or policy rate. In the near future, I will further explain how you should buy an annuity in Ghana, and how the different options within the annuity product can affect how much you collect as annuitized payments.

ANNUITY – GREAT BUT TRICKY PRODUCT

Annuity is a very critical product for perpetuating financial provision during retirement. Much as it is this critical, the risks in engaging an annuity product can be high. From the point of purchasing an annuity till its end, there are various points of potential dissatisfaction with investors.

This makes annuities a

specialised product that requires good guidance from an expert. As this is the first publication on annuities, not much would be said in detail about how to purchase an annuity product. All you need to get from this article is to seek advice before you purchase an annuity if it is your time to do so.

THE LAUNCH

After 10 years of the life of the 3-tier scheme, an insurance company has launched an annuity product. The time, of course, coincided with the period of payout of the mandatory 2nd tier lump. Though it kept long in coming, the first annuity in Ghana has been introduced into the market. In a combined effort between the National Insurance Commission (NIC) and Securities and Exchange Commission (SEC), there is now a framework for running an annuity in the country.

The Old Mutual Insurance company is the first to launch an annuity in Ghana. The

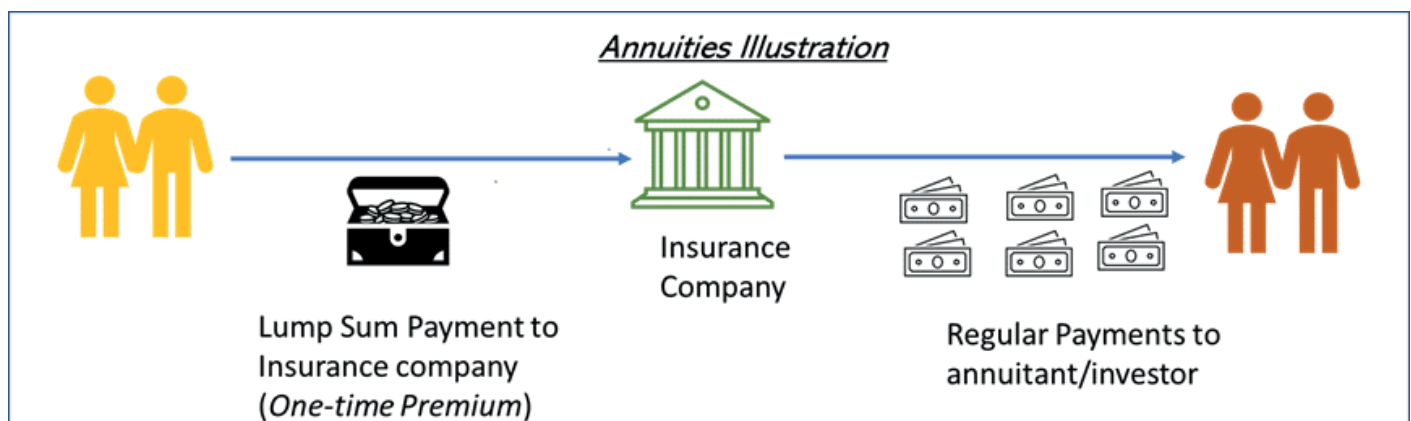
product named the Old Mutual Retirement Salary. Speaking to Ms. Jennifer Gyasi-Koranteng, Corporate Relationship Manager of Old Mutual, she described the public's reception of their annuity product as 'awesome'.

'The amazing trend seen here is the rather huge interest from the working age category, 30-50 year olds, who are calling on daily basis to make inquiries', she said. 'We can take up to a hundred calls in a day', she added.

This looks encouraging considering the rather obscured nature of annuities even in developed countries. It is expected that a few more annuity products will hit the market in the coming months, to give retirees choice and more options in securing retirement income.

Credit:

Yaw Korankye Antwi
(Pensions Expert)



Nearly 3 in 4 farmers eyeing private pensions as income source

Almost three-quarters (73 per cent) of older farmers plan to use private pensions as a source of income, according to research from NFU Mutual.

Less than half (43 per cent) of those surveyed planned to use income from their farm during retirement, even though nine out of ten (90 per cent) farmers said they planned to continue working in retirement.

A third of farmers (33 per cent) said they would use income from letting property in later life and 40 per cent planned to use income from other investments, with NFU Mutual noting that farmers were able to tick more than one source of retirement income when answering the survey.

NFU Mutual chartered financial planner, Sean McCann, said: "Pensions provide an independent source of income for the older generation, giving them the freedom to take less from the farm.

This can be particularly important when two and sometimes three generations are relying on the farm for their livelihood.

"Because of the range of options when it comes to taking money from pensions, it's important to take advice to ensure you don't pay more tax than you need to."

The firm noted that farmers were "increasingly considering their later life plans" following the Department for Environment, Food and Rural Affairs' (Defra) announcement of a proposed lump sum for English farmers to exit the industry.

Farmers could receive payments of up to £100,000 under the scheme from 2022, although eligibility requirements have yet to be determined and are the subject of an ongoing consultation.

McCann commented: "This new scheme is likely to spark renewed interest in later life plans among

farmers. Although the details of the payments have not yet been finalised, farmers will be looking at their pensions and other investments to see what options are open to them. Avoiding unnecessary tax bills by taking advice should be a key part of any later life planning."

A separate survey from NFU, which specialises in rural customers, found that pensions were the issue that its client base needed the most assistance with.

Almost nine out of ten (85 per cent) of its customers said they would seek professional help for pensions, while 78 per cent would turn to an adviser for their investments, 46 per cent would seek help with an ISA, and 39 per cent required assistance with life insurance and other protection products.

Source:

<https://www.pensionsage.com/pa/Nearly-34-farmers-eyeing-private-pensions-as-income-source.php>



The sooner you begin saving, the more time your money has to grow.

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NPRA: Ensuring Retirement Income Security.



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Its your retirement, not a checkmate

Tick...tock...tick...tock...
The clock ticks, the three fingers pointing north.

The inevitable retirement now stares in his eyes without pity.

His account balance has lost balance, the centre can no longer hold.

Hope lingers but is unfortunately intoxicated to be resuscitated.

Eye clear, money finish, retirement due, no proper investment made, it is now checkmate.

Fear creeps in like smoke seeping through the cracks of doors from a house on fire.

Did the pressures of life force him into areas of danger?

Did he fall on the wrong side of nature?

Maybe he can never escape the torture as though our pursuit of wealth and happiness always felt like chasing the wind. Maybe if he is religious enough, hell or heaven shall be kind enough to offer him a ticket to enjoy an all-expense paid vacation.

Do we always have the same template as his? NO!!!

Retirement is meant to give joy and satisfaction to the laborious services we rendered for God and our country. It is the

time to sit back and enjoy the labour of our youth, the time to take the vacations working days deprived us.

The time to fill your soul with so much laughter and joy to enable one to live a fulfilling life that we may depart peacefully to the other side of our world. There is an endless list of what a retiree could explore to enjoy such inner peace and satisfaction if one really prepared well for retirement.

Like the game of chess, a well-positioned pawn is stronger than a careless king.

You could be the highest earner in your field but an irresponsible attitude towards retirement preparation could suck the joy out of your life after retiring.

Most high earners are robbed of the efforts to make adequate preparations towards their retirement by the huge amounts hitting their accounts month in month out.

It takes discipline and a good sense of awareness to prepare adequately towards retirement and once that is achieved, the narrative becomes different.

Notwithstanding, lower-income earners may not be exempted from the conundrum of inadequate preparation towards retirement.

The onus rests on our shoulders to take decisions now to

invest into our future when the energy and strength to pull off tedious work is rid of our bodies.

The three-tier pension scheme makes it easy for everyone regardless your social class. The formal sector workers are advantaged to be registered on the compulsory 1st and 2nd tiers. The 3rd tier is to be taken advantage of by these formal sector workers which will just be a bonus upon retirement.

The informal sector has the 3rd tier to enrol on which will provide enough room to make adequate preparation towards retirement.

The notion that one in the informal sector will continue to see money in their account may not be entirely true. Life's uncertainties make it scarier for each and every one of us who has no plans. We therefore must carefully and strategically prepare so the days of dark do not befall us unprepared.

Nature in its own way has shown that no one can escape the grips of old age. As the clock ticks, and the inviable hand pushes us towards old age, once on that pedestal, will it be a retirement of purpose and good living or a checkmate?

NPRA Endorses Capital Market Masterplan(CMMP)



The National Pensions Regulatory Authority has officially endorsed the proposed Capital Market Masterplan for the country. The Masterplan, which is strategically developed to fund Ghana's development priorities, create economic opportunities for ordinary citizens and services to manage systemic risk through the provision of market information and enabling investors to choose asset classes based on their risk preferences. This was made known in an interview with the Chief Executive Officer Hayford Attah Krufi.

Mr. Krufi indicated that the Capital Market is the avenue for economic growth. It is also one of the drivers that move the investment of a country. He reiterated "The NPRA has developed an investment guideline to ensure a secured retirement plan. This investment capital plan is a strategy to increase the pensions scheme of the country as well as build the capacity of the economy's pension force.

The NPRA encourages industry players to embrace this master plan. The plan is opened to all investment-driven organiza-

tions to get on board. He noted that pension is a long-term saving and a function of investment. Any direction towards investment is encouraged by us at the NPRA. He urges all to support the CMMP and hopes that the Plan will achieve its intended purpose of providing a deep, efficient, diversified, and well-regulated capital market with a full range of products attractive to domestic and international investors. He added that the CMMP will also review the investment policy for Pension's funds/schemes.

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(Licenses Are Valid Until 31st July, 2021).

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22	Hedge Pensions Trust	CT12015	National Secretariate CLOGSAG Ministries Stadium Road Accra	Christabelle Yalley	0202-019457

Questions And Answers

1. What is the total contribution from the Employer and the employee into the 1st and 2nd Tier Mandatory Schemes of the 3-Tier Pension Scheme, and how is it different from what existed under the old SSNIT scheme?

Ans. The total contribution from the employer and the employee under the 1st & 2nd Tier Scheme is 18.5% and is distributed as follows:

New Scheme (Act 766)

Employer	-	13%
Employee	-	5.5%

		18.5%
		=====

Old SSNIT Scheme (PNDCL247)

Employer	-	12.5%
Employee	-	5%

		17.5%
		=====

1. What is the contribution rate into the 1st Tier Basic Scheme?

Ans. The contribution rate into the 1st-Tier scheme is 13.5%. However, 2.5% is remitted to National Health Insurance Scheme (NHIS), leaving 11% in the Basic Scheme to invest for contributors, which would be paid as a monthly pension on retirement.

2. How many years should a contributor contribute to qualify for full pension benefits under the 1st Tier scheme?

Ans. To qualify for full/monthly pension benefits, one must contribute to the 1st Tier for a minimum period of fifteen (15) years or 180 months in aggregate, whether the contributor retires at the compulsory age of sixty (60) years or the voluntary age of fifty-five (55) years and above.

3. What is the contribution rate of the 2nd Tier occupational pension scheme?

Ans. 5% of the total contribution of 18.5% goes into the occupational pension scheme.

4. How can a first-time contributor who is more than 45 years and less than 50 years join the 3-Tier Pension Scheme?

Ans. Such workers can participate in the 3-tier pension scheme by joining the 2nd tier occupational pension scheme – all their contributions of 18.5% would be paid into the 2nd tier occupational pension scheme.

5. What kind of benefits will those who contribute 18.5% to the occupational pension scheme receive?

Ans. Such people will receive a 25% lump sum of their total accrued benefits, and the remaining 75% will be used to buy an Annuity from an approved Insurance Company.

6. Under what condition is emigration benefit paid to a member/contributor?

Ans. Emigration benefit is paid to a foreigner who has made less than 180 months (15 years) contributions under the 1st-Tier Scheme and has not reach retirement age but intends to leave Ghana permanently.

7. What kind of benefits will those who contribute the total 18.5% into the occupational pension scheme receive?

Ans. Such people will receive 25% lump sum of their total accrued benefits and the remaining

8. What would happen to the contribution of a worker who under the Occupational Pension Scheme or Provident Fund Scheme has changed employment?

Ans. The National Pension Act, 2008 (Act 766) has made a provision for workers to transfer their accrued contributions to the

scheme of their new employer. This allows the worker to carry along his/her accrued benefits as he/she continues to change employment.

9. Can employees keep their 2nd Tier contributions with their previous employers' trustees while contributing under a new employer?

Ans. Yes, but it is subject to the regulations/rules of the scheme in question.

10. How do I join a pension scheme as a Self-Employed Person?

Ans. You can join the Mandatory 1st & 2nd Tier Schemes as a Voluntary contributor. Equally, you can join the Voluntary 3rd Tier as a member of a group or as an individual. As a group, you have to register your pension scheme with the NPRA and choose your own trustees, and as an individual, you can join any personal pension scheme registered by any corporate trustee licensed by NPRA.

11. At what rate should the informal sector worker/Self-employed persons also contribute to the Group and Personal Pension Schemes?

Ans. Since the source of income of informal sector workers is irregular, the individual contributor determines the amount he or she wants to contribute to the scheme in accordance with the rules and regulations of the scheme. It is not fixed like that of the formal sector workers.

12. At what rate should the informal sector worker/Self-employed persons also contribute to the Group and Personal Pension Schemes?

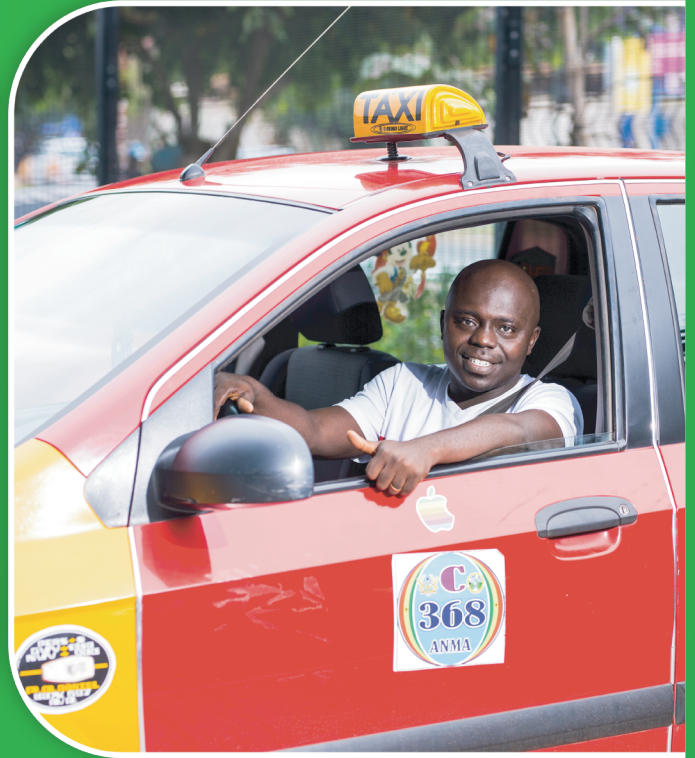
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NATIONAL PENSIONS REGULATORY AUTHORITY (NPRA)

PLAN YOUR RETIREMENT



ARE YOU IN THE INFORMAL SECTOR?
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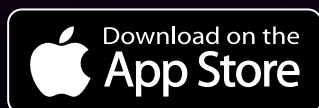
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